



Advising the Congress on Medicare issues

Medicare Advantage: Special needs plans

Jennifer Podulka
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Special needs plans were added to Medicare Advantage beginning in 2004

- SNPs similar to regular MA plans, except they
 - Must offer the Part D drug benefit
 - May limit their enrollment to their targeted population
- The authority to limit their enrollment expires December 2008
- SNPs serve 3 types of beneficiaries:
 - Dual eligibles
 - Institutionalized beneficiaries
 - Patients with severe chronic diseases or conditions

Concerns about SNPs

- Lack of requirements to ensure that SNPs provide specialized care
- Number of SNPs and their enrollment are growing rapidly
 - 477 SNPs in 2007 and as many as 775 in 2008
 - More than 1 million enrollees in September 2007
- New SNPs include organizations with and without specialized experience

SNPs' enrollment and bids relative to other MA plan types'

- SNPs (and employer-sponsored plans) were the only local HMO plans with enrollment growth from 2006 to 2007
- SNPs' 2006 benchmarks and payments relative to FFS are similar to regular MA HMOs'
- Risk adjustment limitations may help drive SNP growth

SNPs' benchmarks and payments are similar to regular MA HMOs', 2006

	Benchmark relative to FFS expenditures	Payments
SNP (excluding Puerto Rico)	115%	111%
HMO	115	110
Local PPO	120	117
Regional PPO	112	110
PFFS	122	119

Should SNP authority to limit enrollment be extended?

- Do SNPs need to limit their enrollment to do something special for their enrollees?
- If the authority to limit enrollment is not extended, SNPs could be regular MA plans or demonstrations
- If the authority is extended, SNPs should be expected to provide specialized care

Aspects of SNPs that should be refined

- Extension of SNP authority to limit enrollment
- Quality, information, and accountability
- Disproportionate share enrollment
- Defining chronic condition
- Dual eligibles and states